

Message Text

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TAGS:EFIN, ECON, ENRG, OECD

SUBJ: ECONOMIC POLICY COMMITTEE'S TEMPORARY WORKING

PARTY (IWP): PROPOSED MEETING OF STATISTICAL EXPERTS

ON TERMS OF TRADE BETWEEN OECD AND OPEC COUNTRIES

REF: (A) OECD PARIS 30148; (B) OECD PARIS 30237;

(C) STATE 282145; (D) DOCUMENT

CPE/TWP(75)9; (E) DOCUMENT CPE/TWP(75)8;

(F) DOCUMENT CPE/TWP(75)16, 1ST REVISION;

(G) OECD PARIS 26373; (F) STATE 251673

1. SUMMARY: FOLLOWING UP ON THE DECISION

OF THE TEMPORARY WORKING PARTY AT ITS NOVEMBER 13-14

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MEETING, OECD SECRETARIAT HAS ISSUED INVITATION TO

COUNTRIES TO PARTICIPATE IN A PROPOSED MEETING OF

STATISTICAL EXPERTS TO EXAMINE MEASUREMENT OF TERMS

OF TRADE BETWEEN OECD AND OPEC COUNTRIES. THIS MESSAGE

TRANSMITS THE SECRETARIAT'S NOTE ON THIS SUBJECT,
FORWARDS ADDITIONAL MISSION COMMENTS BASED ON
CONVERSATIONS WITH THE SECRETARIAT, AND REQUESTS U.S.
REPLY ON PARTICIPATION AND NAMES OF U.S. REPRESENTATIVES
TO EXPERTS MEETING. END SUMMARY.

SECRETARIAT'S INVITATION LETTER

2. SECRETARIAT HAS SENT TO DELEGATIONS A LETTER DATED
DECEMBER 2, 1975, WITH AN ANNEX, WHICH READ AS FOLLOWS:

BEGIN TEXT SIR,

TEMPORARY WORKING PARTY OF THE EPC: PROPOSED MEETING
OF NATIONAL STATISTICAL EXPERTS CONCERNING THE TERMS
OF TRADE BETWEEN OECD AND OPEC COUNTRIES.

THE TERMS OF TRADE BETWEEN THE OECD AND THE OPEC COUNTRIES
WILL BE AN IMPORTANT ISSUE IN THE DISCUSSIONS BETWEEN
THE OIL-PRODUCING AND OIL-CONSUMING COUNTRIES IN THE
CONTEXT OF THE DIALOGUE WHICH IS EXPECTED TO BE ESTABLISHED
SHORTLY. THE TEMPORARY WORKING PARTY THEREFORE
CONSIDERS IT DESIRABLE TO REVIEW, AND SEE WHAT CAN BE
DONE TO IMPROVE, THE INDICES FOR MEASURING THE DEVELOP-
MENT OF THE PRICES OF OECD EXPORTS TO OPEC COUNTRIES.
CONSEQUENTLY, THE WORKING PARTY PROPOSES TO
CALL A MEETING FOR THE PURPOSE OF CONSULTING
NATIONAL STATISTICAL EXPERTS ON THE ADEQUACY OF THE
ANALYSIS IN THE SECRETARIAT'S PAPER ON THE TERMS OF
TRADE BETWEEN OEC AND OPEC COUNTRIES AND ON WHETHER
IT WOULD BE PRACTICABLE AND FRUITFUL TO DO FURTHER
WORK IN THIS AREA. THE POINTS WHICH IT IS PROPOSED TO
EXAMINE AT THIS MEETING ARE DESCRIBED IN MORE DETAIL
IN THE ANNEX TO THIS LETTER. I AM ALSO SENDING YOU
COPIES OF THE SECRETARIAT'S PAPER AND TWO RELATED
PAPERS BY THE UK AND US DELEGATIONS.

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I WOULD BE GRATEFUL IF YOU WOULD LET ME KNOW WHETHER
YOUR GOVERNMENT IS PREPARED TO SEND ONE OR TWO EXPERTS TO
THIS MEETING AND, IN THAT CASE, THEIR NAMES. AS IT IS
ENVISAGED TO HOLD THIS MEETING IN THE SECOND HALF OF
JANUARY OF IN FEBRUARY, I WOULD APPRECIATE
RECEIVING YOUR REPLY BY 19TH DECEMBER, 1975.

ACCEPT, SIR, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

J.D.FAY
HEAD OF THE
ECONOMICS & STATISTICS DEP

ANNEX 2ND DECEMBER, 1975

CONSULTATION WITH NATIONAL STATISTICAL EXPERTS CONCERN-
ING THE TERMS OF TRADE BETWEEN OECD AND OPEC COUNTRIES

1. IT IS EXPECTED THAT THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION, SCHEDULED FOR 16TH-18TH DECEMBER, WILL SET UP THE PROCEDURES USUALLY REFERRED TO AS "THE DIALOGUE", UNDER WHICH THE DEVELOPED AND THE DEVELOPING COUNTRIES WILL DISCUSS ECONOMIC CO-OPERATION BETWEEN THEM. FOUR COMMISSIONS ARE TO BE ESTABLISHED AND IN TWO OF THESE, THE ONE CONCERNED WITH ENERGY AND THE ONE CONCERNED WITH FINANCIAL AFFAIRS, THE TERMS OF TRADE BETWEEN THE OECD AND THE OPEC COUNTRIES - OR, MORE PRECISELY, THE PURCHASING POWER OF THE OPEC COUNTRIES' OIL REVENUES - WILL BE AN IMPORTANT ISSUE. CONSEQUENTLY, THE OECD COMMITTEE WHICH IS RESPONSIBLE FOR BRIEFING OECD MEMBER COUNTRIES ON THE FINANCIAL ASPECTS OF THE QUESTIONS UNDER DISCUSSION IN THE FOUR COMMISSIONS FEELS THAT THERE IS A NEED TO REVIEW, AND SEE WHAT CAN BE DONE TO IMPROVE, THE STATISTICS ON THE PRICES OF OECD COUNTRIES' EXPORTS TO OPEC COUNTRIES. THIS COMMITTEE - THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE OF THE OECD - CONSIDERS THEREFORE THAT IT WOULD BE DESIRABLE TO CONSULT THE NATIONAL STATISTICAL EXPERTS OF THOSE OECD COUNTRIES WHICH ARE PREPARED TO MAKE A CONTRIBUTION TO THE WORK ON THIS QUESTION.

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2. THE WORKING PARTY PROPOSES, FOR THAT PURPOSE, TO CALL A MEETING OF NATIONAL STATISTICAL EXPERTS TO CONSIDER THE ADEQUACY OF THE ANALYSIS SET OUT IN THE SECRETARIAT'S PAPER ON THE TERMS OF TRADE BETWEEN OECD AND OPEC COUNTRIES (CPE/TWP(75)16(1ST REVISION)). COPIES OF THAT PAPER AND OF TWO OTHER RELEVANT PAPERS BY THE UNITED KINGDOM AND THE UNITED STATES DELEGATIONS (DOCUMENTS CPE/TWP(75)8 AND 9) ARE ATTACHED, TOGETHER WITH A NOTE ON SOME QUESTIONS BY THE SECRETARIAT ON THE METHODOLOGY IN THE US PAPER AND THE REPLIES BY THE US AUTHORITIES (ADDENDUM 1 TO CPE/TWP(75)9).

3. IN THE COURSE OF THEIR DISCUSSIONS, THE EXPERTS MAY WISH TO CONSIDER ALSO SOME SUGGESTIONS FOR FURTHER WORK WHICH HAVE BEEN PUT FORWARD, NOTABLY:

A) WOULD IT BE PRACTICABLE AND USEFUL FOR THOSE COUNTRIES WHICH AT PRESENT CALCULATE PRICE INDICES FOR EXPORTS TO USE THEM AS A MEANS OF CORRECTING OR SUPPLEMENTING THEIR UNIT VALUE INDICES FOR THE PURPOSES

OF MEASURING CHANGES IN F.O.B. EXPORT PRICES TO OPEC?

B) WOULD IT BE POSSIBLE TO CALCULATE UNIT VALUE INDICES FOR EXPORTS ON A REGIONAL BASIS, AND IN PARTICULAR FOR EXPORTS TO OPEC COUNTRIES?

4. EACH OECD MEMBER COUNTRY HAS BEEN ASKED TO INFORM THE OECD SECRETARIAT BY 19TH DECEMBER, AS TO WHETHER IT WISHES TO SEND ONE OR TWO STATISTICAL EXPERTS TO THE MEETING AND TO INDICATE THEIR NAMES. IT IS ENVISAGED THAT THE MEETING WILL BE HELD IN THE SECOND HALF OF JANUARY OR IN FEBRUARY. IF ANY OF THESE EXPERTS FEELS IT USEFUL TO PROVIDE, BEFORE THE MEETING, A NOTE ON THEIR OWN COUNTRIES' METHODOLOGY, OR ON ANY OF THE QUESTIONS INDICATED ABOVE, THIS WILL BE WELCOMED. END TEXT

3. COMMENTS: ABOVE SECRETARIAT'S LETTER WAS DISTRIBUTED AFTER MISSION HAD PROVIDED SECRETARIAT U.S. VIEWS TRANSMITTED REFTEL C. WHILE SOME OF THESE U.S. COMMENTS LIMITED OFFICIAL USE
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WERE TAKEN INTO ACCOUNT, SECRETARIAT BELIEVES THAT MOST OF THEM INVOLVE KIND OF DETAIL WHICH THEY WOULD RATHER HAVE EMERGE FROM GROUP'S DISCUSSION OF ITS WORK PROGRAM. IN GENERAL, HOWEVER, SECRETARIAT SEEMS TO SHARE APPROACH TO MEETING SUGGESTED BY U.S.

4. THERE IS SERIOUS CONCERN IN SECRETARIAT THAT UNLESS EXPERTS SENT BY MEMBER COUNTRIES TO THE TERMS OF TRADE MEETING ARE MADE VERY SPECIFICALLY AWARE OF THE CONTEXT AND PURPOSE OF THE MEETING IN RELATION TO THE REQUIREMENTS OF THE DIALOGUE, THE RESULT WILL BE A TEDIOUS AND ABORTIVE CONCEPTUAL DISCUSSION ON THE RELATIVE MERITS OF UNIT VALUE INDICES AND EXPORT PRICE INDICES. SECRETARIAT URGES THE U.S. TO TAKE AN INITIATIVE IN CAPITALS OF AT LEAST THE MAJOR EXPORTING COUNTRIES TO RE-ENFORCE SECRETARIAT EFFORTS TO BRING "THE RIGHT PEOPLE" TO THE MEETING. (FYI SECRETARIAT PARTICULARLY MENTIONED GERMANY, U.K., JAPAN, FRANCE, CANADA, NETHERLANDS, SWEDEN AND ITALY. END FYI) MISSION ALSO BELIEVES U.S. INITIATIVE IN KEY CAPITALS WOULD BE USEFUL AND THAT IT WOULD BE HELPFUL IF CONTACTS MADE BY U.S. POSTS IN THESE CAPITALS ARE COORDINATED WITH HOST COUNTRY REPRESENTATIVES TO TWP. (MAY BE USEFUL IF MESSAGE TO POSTS NAMES TWP MEMBERS CONCERNED.)

5. WE HAVE EXPLAINED TO SECRETARIAT PER REFTEL C THAT U.S. FEELS ITS METHODOLOGY HAS BEEN SUFFICIENTLY EXPLAINED IN THE DOCUMENTATION ALREADY PROVIDED.

WHILE NOT SETTING DOWN SPECIFIC NEW QUESTIONS AT THIS TIME, SECRETARIAT BELIEVES IT WOULD BE USEFUL FOR U.S. EXPERTS TO BE PREPARED TO EXPLAIN THEIR METHODOLOGY AND ADJUSTMENTS SPECIFICALLY BY GOING THROUGH THE NUMERICAL OPERATIONS ON THE BASIS OF THEIR WORKSHEETS (E.G. WHAT WERE THE SPECIFIC NUMERICAL ADJUSTMENTS MADE TO U.S. EXPORT PRICE INDEX FOR COMPONENT PRICES OF AGRICULTURAL PRODUCTS.)

6. SECRETARIAT ALSO HOPES THAT U.S. WOULD BE ABLE TO REPORT AT EXPERTS MEETING INFORMATION U.S. MIGHT HAVE ON WHAT METHODOLOGY OPEC IS USING IN ITS LIMITED OFFICIAL USE
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CALCULATIONS OF OPEC IMPORT PRICES.

7. SECRETARIAT INDICATES AS POSSIBLE DATES SECOND HALF OF JANUARY OR FEBRUARY, RATHER THAN MID-JANUARY WHICH IS U.S. PREFERENCE, SINCE BELIEVE SOMEWHAT MORE TIME WOULD ALLOW BETTER PREPARATION FOR MEETING IN CAPITALS. HOWEVER, SECRETARIAT ACKNOWLEDGES THAT DATE OF MEETING WILL NEED TO BE GEARED TO TIME SCHEDULE OF THE DIALOGUE AND SECRETARIAT SUGGESTS THAT THIS MAY BE ONE OF TOPICS FOR CONSIDERATION AT INFORMAL LUNCH WHICH HAS BEEN TENTATIVELY SCHEDULED BY TWP FOR DECEMBER 18.

8. DOCUMENTATION ATTACHED TO SECRETARIAT'S NOTE CONSISTS OF (A) U.S. BLS STUDY ALREADY CIRCULATED TO TWP (REFDOC D); (B) U.K. PAPER ALSO ALREADY CIRCULATED TO TWP (REFDOC E); (C) A REVISION OF SECRETARIAT'S DOCUMENT PREVIOUSLY CIRCULATED TO TWP (REFDOC F WHICH BEING POUCHED) AND (D) EXCHANGE OF SECRETARIAT QUESTIONS AND REPLIES ON U.S. PAPER (REFTELS G AND F) WHICH HAS BEEN GIVEN NUMBER CPE/TWP(75)9, ADDENDUM L.

9. ACTION REQUESTED: MISSION WOULD APPRECIATE RECEIVING BY DEADLINE DATE OF DECEMBER 19 NAME OF U.S. PARTICIPANT OR PARTICIPANTS AND ANY FURTHER U.S. COMMENTS.
TURNER UNQTE
KISSINGER

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